

United States Senate

WASHINGTON, DC 20510

February 10, 2015

Senator Richard Shelby
Chairman
United States Senate Committee on
Banking, Housing, and Urban Affairs
Washington, DC

Dear Chairman Shelby,

We are writing to urge you to hold a hearing in the Senate Committee on Banking, Housing, and Urban Affairs that would examine access of communities and businesses to banking services in states bordering Mexico.

Over the last few months, we have heard from constituents in Arizona who own and operate cash-intensive businesses along Arizona's southern border, including ranchers, farmers, and other agricultural businesses. They have expressed serious concern about recent bank branch closures, as well as long-standing accounts being closed, due to among other issues burdensome regulatory compliance costs and the potentially indiscriminate application of anti-money laundering regulations. A recent story on National Public Radio highlighted La Roca restaurant in Nogales, which had its bank account of 40 years closed by Chase Bank.¹ Chase confirmed to NPR that it had closed some bank accounts as it sought to comply with anti-money laundering regulations. Those regulations are administered by the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN).

In September, Senator McCain sent letters to the CEO's of Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo asking each a series of questions with the intention of gaining a better understanding of the issues facing banking along the southern border. In response to those letters, the banks attributed the closures to the area's economic decline, reorganization of banks given the growing use of online banking services, as well as (and of most relevance to the request in this letter) regulatory and compliance burdens associated with Community Investment Act, anti-money laundering regulations, and the new Remittance Transfer Rules under Dodd-Frank. In addition, Senator Flake sent a letter to Treasury Secretary Lew raising concerns of local interests regarding the economic impact of bank account and branch closures and soliciting further information on the issue.

¹Border Businesses Lose Bank Accounts Amid Money-Laundering Fears; *Jude Joffe-Block*; NPR; January 4, 2015; <http://www.npr.org/2015/01/04/374582727/border-businesses-lose-bank-accounts-amid-money-laundering-fears>

As you of course appreciate, it is crucial for the economic vitality of businesses operating in border states to have access to capital and banking services through all avenues of banking—especially given the fact the Mexico is our third largest trade partner. For this reason, we must do everything we can to balance valid security concerns along the border with unnecessary regulatory hurdles that impede adequate banking services along the southern border.

Thank you for your consideration of a hearing on issues facing banking on the southern border. Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "John McCain".

John McCain
United States Senator

A handwritten signature in blue ink, appearing to read "Jeff Flake".

Jeff Flake
United States Senator